

1 AN ACT in relation to taxes.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Use Tax Act is amended by changing
5 Section 3-5 as follows:

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

7 Sec. 3-5. Exemptions. Use of the following tangible
8 personal property is exempt from the tax imposed by this Act:

9 (1) Personal property purchased from a corporation,
10 society, association, foundation, institution, or
11 organization, other than a limited liability company, that is
12 organized and operated as a not-for-profit service enterprise
13 for the benefit of persons 65 years of age or older if the
14 personal property was not purchased by the enterprise for the
15 purpose of resale by the enterprise.

16 (2) Personal property purchased by a not-for-profit
17 Illinois county fair association for use in conducting,
18 operating, or promoting the county fair.

19 (3) Personal property purchased by a not-for-profit arts
20 or cultural organization that establishes, by proof required
21 by the Department by rule, that it has received an exemption
22 under Section 501(c)(3) of the Internal Revenue Code and that
23 is organized and operated primarily for the presentation or
24 support of arts or cultural programming, activities, or
25 services. These organizations include, but are not limited
26 to, music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts
29 organizations, and media arts organizations. On and after the
30 effective date of this amendatory Act of the 92nd General
31 Assembly, however, an entity otherwise eligible for this

1 exemption shall not make tax-free purchases unless it has an
2 active identification number issued by the Department.

3 (4) Personal property purchased by a governmental body,
4 by a corporation, society, association, foundation, or
5 institution organized and operated exclusively for
6 charitable, religious, or educational purposes, or by a
7 not-for-profit corporation, society, association, foundation,
8 institution, or organization that has no compensated officers
9 or employees and that is organized and operated primarily for
10 the recreation of persons 55 years of age or older. A limited
11 liability company may qualify for the exemption under this
12 paragraph only if the limited liability company is organized
13 and operated exclusively for educational purposes. On and
14 after July 1, 1987, however, no entity otherwise eligible for
15 this exemption shall make tax-free purchases unless it has an
16 active exemption identification number issued by the
17 Department.

18 (5) A passenger car that is a replacement vehicle to the
19 extent that the purchase price of the car is subject to the
20 Replacement Vehicle Tax.

21 (6) Graphic arts machinery and equipment, including
22 repair and replacement parts, both new and used, and
23 including that manufactured on special order, certified by
24 the purchaser to be used primarily for graphic arts
25 production, and including machinery and equipment purchased
26 for lease. Equipment includes chemicals or chemicals acting
27 as catalysts but only if the chemicals or chemicals acting as
28 catalysts effect a direct and immediate change upon a graphic
29 arts product.

30 (7) Farm chemicals.

31 (8) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the
33 government of the United States of America, or the government
34 of any foreign country, and bullion.

1 (9) Personal property purchased from a teacher-sponsored
2 student organization affiliated with an elementary or
3 secondary school located in Illinois.

4 (10) A motor vehicle of the first division, a motor
5 vehicle of the second division that is a self-contained motor
6 vehicle designed or permanently converted to provide living
7 quarters for recreational, camping, or travel use, with
8 direct walk through to the living quarters from the driver's
9 seat, or a motor vehicle of the second division that is of
10 the van configuration designed for the transportation of not
11 less than 7 nor more than 16 passengers, as defined in
12 Section 1-146 of the Illinois Vehicle Code, that is used for
13 automobile renting, as defined in the Automobile Renting
14 Occupation and Use Tax Act.

15 (11) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by
17 the purchaser to be used primarily for production agriculture
18 or State or federal agricultural programs, including
19 individual replacement parts for the machinery and equipment,
20 including machinery and equipment purchased for lease, and
21 including implements of husbandry defined in Section 1-130 of
22 the Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required
24 to be registered under Section 3-809 of the Illinois Vehicle
25 Code, but excluding other motor vehicles required to be
26 registered under the Illinois Vehicle Code. Horticultural
27 polyhouses or hoop houses used for propagating, growing, or
28 overwintering plants shall be considered farm machinery and
29 equipment under this item (11). Agricultural chemical tender
30 tanks and dry boxes shall include units sold separately from
31 a motor vehicle required to be licensed and units sold
32 mounted on a motor vehicle required to be licensed if the
33 selling price of the tender is separately stated.

34 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but not
3 limited to, tractors, harvesters, sprayers, planters,
4 seeders, or spreaders. Precision farming equipment includes,
5 but is not limited to, soil testing sensors, computers,
6 monitors, software, global positioning and mapping systems,
7 and other such equipment.

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in
10 the computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not
12 limited to, the collection, monitoring, and correlation of
13 animal and crop data for the purpose of formulating animal
14 diets and agricultural chemicals. This item (11) is exempt
15 from the provisions of Section 3-90.

16 (12) Fuel and petroleum products sold to or used by an
17 air common carrier, certified by the carrier to be used for
18 consumption, shipment, or storage in the conduct of its
19 business as an air common carrier, for a flight destined for
20 or returning from a location or locations outside the United
21 States without regard to previous or subsequent domestic
22 stopovers.

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption
25 of food and beverages purchased at retail from a retailer, to
26 the extent that the proceeds of the service charge are in
27 fact turned over as tips or as a substitute for tips to the
28 employees who participate directly in preparing, serving,
29 hosting or cleaning up the food or beverage function with
30 respect to which the service charge is imposed.

31 (14) Oil field exploration, drilling, and production
32 equipment, including (i) rigs and parts of rigs, rotary rigs,
33 cable tool rigs, and workover rigs, (ii) pipe and tubular
34 goods, including casing and drill strings, (iii) pumps and

1 pump-jack units, (iv) storage tanks and flow lines, (v) any
2 individual replacement part for oil field exploration,
3 drilling, and production equipment, and (vi) machinery and
4 equipment purchased for lease; but excluding motor vehicles
5 required to be registered under the Illinois Vehicle Code.

6 (15) Photoprocessing machinery and equipment, including
7 repair and replacement parts, both new and used, including
8 that manufactured on special order, certified by the
9 purchaser to be used primarily for photoprocessing, and
10 including photoprocessing machinery and equipment purchased
11 for lease.

12 (16) Coal exploration, mining, offhighway hauling,
13 processing, maintenance, and reclamation equipment, including
14 replacement parts and equipment, and including equipment
15 purchased for lease, but excluding motor vehicles required to
16 be registered under the Illinois Vehicle Code.

17 (17) Distillation machinery and equipment, sold as a
18 unit or kit, assembled or installed by the retailer,
19 certified by the user to be used only for the production of
20 ethyl alcohol that will be used for consumption as motor fuel
21 or as a component of motor fuel for the personal use of the
22 user, and not subject to sale or resale.

23 (18) Manufacturing and assembling machinery and
24 equipment used primarily in the process of manufacturing or
25 assembling tangible personal property for wholesale or retail
26 sale or lease, whether that sale or lease is made directly by
27 the manufacturer or by some other person, whether the
28 materials used in the process are owned by the manufacturer
29 or some other person, or whether that sale or lease is made
30 apart from or as an incident to the seller's engaging in the
31 service occupation of producing machines, tools, dies, jigs,
32 patterns, gauges, or other similar items of no commercial
33 value on special order for a particular purchaser. This
34 exemption does not apply beginning on January 1, 2003 and

1 through December 31, 2007.

2 (19) Personal property delivered to a purchaser or
3 purchaser's donee inside Illinois when the purchase order for
4 that personal property was received by a florist located
5 outside Illinois who has a florist located inside Illinois
6 deliver the personal property.

7 (20) Semen used for artificial insemination of livestock
8 for direct agricultural production.

9 (21) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes.

15 (22) Computers and communications equipment utilized for
16 any hospital purpose and equipment used in the diagnosis,
17 analysis, or treatment of hospital patients purchased by a
18 lessor who leases the equipment, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 hospital that has been issued an active tax exemption
22 identification number by the Department under Section 1g of
23 the Retailers' Occupation Tax Act. If the equipment is
24 leased in a manner that does not qualify for this exemption
25 or is used in any other non-exempt manner, the lessor shall
26 be liable for the tax imposed under this Act or the Service
27 Use Tax Act, as the case may be, based on the fair market
28 value of the property at the time the non-qualifying use
29 occurs. No lessor shall collect or attempt to collect an
30 amount (however designated) that purports to reimburse that
31 lessor for the tax imposed by this Act or the Service Use Tax
32 Act, as the case may be, if the tax has not been paid by the
33 lessor. If a lessor improperly collects any such amount from
34 the lessee, the lessee shall have a legal right to claim a

1 refund of that amount from the lessor. If, however, that
2 amount is not refunded to the lessee for any reason, the
3 lessor is liable to pay that amount to the Department.

4 (23) Personal property purchased by a lessor who leases
5 the property, under a lease of one year or longer executed
6 or in effect at the time the lessor would otherwise be
7 subject to the tax imposed by this Act, to a governmental
8 body that has been issued an active sales tax exemption
9 identification number by the Department under Section 1g of
10 the Retailers' Occupation Tax Act. If the property is leased
11 in a manner that does not qualify for this exemption or used
12 in any other non-exempt manner, the lessor shall be liable
13 for the tax imposed under this Act or the Service Use Tax
14 Act, as the case may be, based on the fair market value of
15 the property at the time the non-qualifying use occurs. No
16 lessor shall collect or attempt to collect an amount (however
17 designated) that purports to reimburse that lessor for the
18 tax imposed by this Act or the Service Use Tax Act, as the
19 case may be, if the tax has not been paid by the lessor. If
20 a lessor improperly collects any such amount from the lessee,
21 the lessee shall have a legal right to claim a refund of that
22 amount from the lessor. If, however, that amount is not
23 refunded to the lessee for any reason, the lessor is liable
24 to pay that amount to the Department.

25 (24) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or
27 before December 31, 2004, personal property that is donated
28 for disaster relief to be used in a State or federally
29 declared disaster area in Illinois or bordering Illinois by a
30 manufacturer or retailer that is registered in this State to
31 a corporation, society, association, foundation, or
32 institution that has been issued a sales tax exemption
33 identification number by the Department that assists victims
34 of the disaster who reside within the declared disaster area.

1 (25) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in
4 the performance of infrastructure repairs in this State,
5 including but not limited to municipal roads and streets,
6 access roads, bridges, sidewalks, waste disposal systems,
7 water and sewer line extensions, water distribution and
8 purification facilities, storm water drainage and retention
9 facilities, and sewage treatment facilities, resulting from a
10 State or federally declared disaster in Illinois or bordering
11 Illinois when such repairs are initiated on facilities
12 located in the declared disaster area within 6 months after
13 the disaster.

14 (26) Beginning July 1, 1999, game or game birds
15 purchased at a "game breeding and hunting preserve area" or
16 an "exotic game hunting area" as those terms are used in the
17 Wildlife Code or at a hunting enclosure approved through
18 rules adopted by the Department of Natural Resources. This
19 paragraph is exempt from the provisions of Section 3-90.

20 (27) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the
24 Department to be organized and operated exclusively for
25 educational purposes. For purposes of this exemption, "a
26 corporation, limited liability company, society, association,
27 foundation, or institution organized and operated exclusively
28 for educational purposes" means all tax-supported public
29 schools, private schools that offer systematic instruction in
30 useful branches of learning by methods common to public
31 schools and that compare favorably in their scope and
32 intensity with the course of study presented in tax-supported
33 schools, and vocational or technical schools or institutes
34 organized and operated exclusively to provide a course of

1 study of not less than 6 weeks duration and designed to
2 prepare individuals to follow a trade or to pursue a manual,
3 technical, mechanical, industrial, business, or commercial
4 occupation.

5 (28) Beginning January 1, 2000, personal property,
6 including food, purchased through fundraising events for the
7 benefit of a public or private elementary or secondary
8 school, a group of those schools, or one or more school
9 districts if the events are sponsored by an entity recognized
10 by the school district that consists primarily of volunteers
11 and includes parents and teachers of the school children.
12 This paragraph does not apply to fundraising events (i) for
13 the benefit of private home instruction or (ii) for which the
14 fundraising entity purchases the personal property sold at
15 the events from another individual or entity that sold the
16 property for the purpose of resale by the fundraising entity
17 and that profits from the sale to the fundraising entity.
18 This paragraph is exempt from the provisions of Section 3-90.

19 (29) Beginning January 1, 2000 and through December 31,
20 2001, new or used automatic vending machines that prepare and
21 serve hot food and beverages, including coffee, soup, and
22 other items, and replacement parts for these machines.
23 Beginning January 1, 2002, machines and parts for machines
24 used in commercial, coin-operated amusement and vending
25 business if a use or occupation tax is paid on the gross
26 receipts derived from the use of the commercial,
27 coin-operated amusement and vending machines. This paragraph
28 is exempt from the provisions of Section 3-90.

29 (30) Food for human consumption that is to be consumed
30 off the premises where it is sold (other than alcoholic
31 beverages, soft drinks, and food that has been prepared for
32 immediate consumption) and prescription and nonprescription
33 medicines, drugs, medical appliances, and insulin, urine
34 testing materials, syringes, and needles used by diabetics,

1 for human use, when purchased for use by a person receiving
2 medical assistance under Article 5 of the Illinois Public Aid
3 Code who resides in a licensed long-term care facility, as
4 defined in the Nursing Home Care Act.

5 (31) Beginning on the effective date of this amendatory
6 Act of the 92nd General Assembly, computers and
7 communications equipment utilized for any hospital purpose
8 and equipment used in the diagnosis, analysis, or treatment
9 of hospital patients purchased by a lessor who leases the
10 equipment, under a lease of one year or longer executed or in
11 effect at the time the lessor would otherwise be subject to
12 the tax imposed by this Act, to a hospital that has been
13 issued an active tax exemption identification number by the
14 Department under Section 1g of the Retailers' Occupation Tax
15 Act. If the equipment is leased in a manner that does not
16 qualify for this exemption or is used in any other nonexempt
17 manner, the lessor shall be liable for the tax imposed under
18 this Act or the Service Use Tax Act, as the case may be,
19 based on the fair market value of the property at the time
20 the nonqualifying use occurs. No lessor shall collect or
21 attempt to collect an amount (however designated) that
22 purports to reimburse that lessor for the tax imposed by this
23 Act or the Service Use Tax Act, as the case may be, if the
24 tax has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall
26 have a legal right to claim a refund of that amount from the
27 lessor. If, however, that amount is not refunded to the
28 lessee for any reason, the lessor is liable to pay that
29 amount to the Department. This paragraph is exempt from the
30 provisions of Section 3-90.

31 (32) Beginning on the effective date of this amendatory
32 Act of the 92nd General Assembly, personal property purchased
33 by a lessor who leases the property, under a lease of one
34 year or longer executed or in effect at the time the lessor

1 would otherwise be subject to the tax imposed by this Act, to
2 a governmental body that has been issued an active sales tax
3 exemption identification number by the Department under
4 Section 1g of the Retailers' Occupation Tax Act. If the
5 property is leased in a manner that does not qualify for this
6 exemption or used in any other nonexempt manner, the lessor
7 shall be liable for the tax imposed under this Act or the
8 Service Use Tax Act, as the case may be, based on the fair
9 market value of the property at the time the nonqualifying
10 use occurs. No lessor shall collect or attempt to collect an
11 amount (however designated) that purports to reimburse that
12 lessor for the tax imposed by this Act or the Service Use Tax
13 Act, as the case may be, if the tax has not been paid by the
14 lessor. If a lessor improperly collects any such amount from
15 the lessee, the lessee shall have a legal right to claim a
16 refund of that amount from the lessor. If, however, that
17 amount is not refunded to the lessee for any reason, the
18 lessor is liable to pay that amount to the Department. This
19 paragraph is exempt from the provisions of Section 3-90.

20 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
21 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
22 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
23 eff. 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01;
24 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
25 8-23-01; revised 10-10-01.)

26 Section 10. The Retailers' Occupation Tax Act is amended
27 by changing Section 2-5 as follows:

28 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

29 Sec. 2-5. Exemptions. Gross receipts from proceeds from
30 the sale of the following tangible personal property are
31 exempt from the tax imposed by this Act:

32 (1) Farm chemicals.

1 (2) Farm machinery and equipment, both new and used,
2 including that manufactured on special order, certified by
3 the purchaser to be used primarily for production agriculture
4 or State or federal agricultural programs, including
5 individual replacement parts for the machinery and equipment,
6 including machinery and equipment purchased for lease, and
7 including implements of husbandry defined in Section 1-130 of
8 the Illinois Vehicle Code, farm machinery and agricultural
9 chemical and fertilizer spreaders, and nurse wagons required
10 to be registered under Section 3-809 of the Illinois Vehicle
11 Code, but excluding other motor vehicles required to be
12 registered under the Illinois Vehicle Code. Horticultural
13 polyhouses or hoop houses used for propagating, growing, or
14 overwintering plants shall be considered farm machinery and
15 equipment under this item (2). Agricultural chemical tender
16 tanks and dry boxes shall include units sold separately from
17 a motor vehicle required to be licensed and units sold
18 mounted on a motor vehicle required to be licensed, if the
19 selling price of the tender is separately stated.

20 Farm machinery and equipment shall include precision
21 farming equipment that is installed or purchased to be
22 installed on farm machinery and equipment including, but not
23 limited to, tractors, harvesters, sprayers, planters,
24 seeders, or spreaders. Precision farming equipment includes,
25 but is not limited to, soil testing sensors, computers,
26 monitors, software, global positioning and mapping systems,
27 and other such equipment.

28 Farm machinery and equipment also includes computers,
29 sensors, software, and related equipment used primarily in
30 the computer-assisted operation of production agriculture
31 facilities, equipment, and activities such as, but not
32 limited to, the collection, monitoring, and correlation of
33 animal and crop data for the purpose of formulating animal
34 diets and agricultural chemicals. This item (7) is exempt

1 from the provisions of Section 2-70.

2 (3) Distillation machinery and equipment, sold as a unit
3 or kit, assembled or installed by the retailer, certified by
4 the user to be used only for the production of ethyl alcohol
5 that will be used for consumption as motor fuel or as a
6 component of motor fuel for the personal use of the user, and
7 not subject to sale or resale.

8 (4) Graphic arts machinery and equipment, including
9 repair and replacement parts, both new and used, and
10 including that manufactured on special order or purchased for
11 lease, certified by the purchaser to be used primarily for
12 graphic arts production. Equipment includes chemicals or
13 chemicals acting as catalysts but only if the chemicals or
14 chemicals acting as catalysts effect a direct and immediate
15 change upon a graphic arts product.

16 (5) A motor vehicle of the first division, a motor
17 vehicle of the second division that is a self-contained motor
18 vehicle designed or permanently converted to provide living
19 quarters for recreational, camping, or travel use, with
20 direct walk through access to the living quarters from the
21 driver's seat, or a motor vehicle of the second division that
22 is of the van configuration designed for the transportation
23 of not less than 7 nor more than 16 passengers, as defined in
24 Section 1-146 of the Illinois Vehicle Code, that is used for
25 automobile renting, as defined in the Automobile Renting
26 Occupation and Use Tax Act.

27 (6) Personal property sold by a teacher-sponsored
28 student organization affiliated with an elementary or
29 secondary school located in Illinois.

30 (7) Proceeds of that portion of the selling price of a
31 passenger car the sale of which is subject to the Replacement
32 Vehicle Tax.

33 (8) Personal property sold to an Illinois county fair
34 association for use in conducting, operating, or promoting

1 the county fair.

2 (9) Personal property sold to a not-for-profit arts or
3 cultural organization that establishes, by proof required by
4 the Department by rule, that it has received an exemption
5 under Section 501(c)(3) of the Internal Revenue Code and that
6 is organized and operated primarily for the presentation or
7 support of arts or cultural programming, activities, or
8 services. These organizations include, but are not limited
9 to, music and dramatic arts organizations such as symphony
10 orchestras and theatrical groups, arts and cultural service
11 organizations, local arts councils, visual arts
12 organizations, and media arts organizations. On and after the
13 effective date of this amendatory Act of the 92nd General
14 Assembly, however, an entity otherwise eligible for this
15 exemption shall not make tax-free purchases unless it has an
16 active identification number issued by the Department.

17 (10) Personal property sold by a corporation, society,
18 association, foundation, institution, or organization, other
19 than a limited liability company, that is organized and
20 operated as a not-for-profit service enterprise for the
21 benefit of persons 65 years of age or older if the personal
22 property was not purchased by the enterprise for the purpose
23 of resale by the enterprise.

24 (11) Personal property sold to a governmental body, to a
25 corporation, society, association, foundation, or institution
26 organized and operated exclusively for charitable, religious,
27 or educational purposes, or to a not-for-profit corporation,
28 society, association, foundation, institution, or
29 organization that has no compensated officers or employees
30 and that is organized and operated primarily for the
31 recreation of persons 55 years of age or older. A limited
32 liability company may qualify for the exemption under this
33 paragraph only if the limited liability company is organized
34 and operated exclusively for educational purposes. On and

1 after July 1, 1987, however, no entity otherwise eligible for
2 this exemption shall make tax-free purchases unless it has an
3 active identification number issued by the Department.

4 (12) Personal property sold to interstate carriers for
5 hire for use as rolling stock moving in interstate commerce
6 or to lessors under leases of one year or longer executed or
7 in effect at the time of purchase by interstate carriers for
8 hire for use as rolling stock moving in interstate commerce
9 and equipment operated by a telecommunications provider,
10 licensed as a common carrier by the Federal Communications
11 Commission, which is permanently installed in or affixed to
12 aircraft moving in interstate commerce.

13 (13) Proceeds from sales to owners, lessors, or shippers
14 of tangible personal property that is utilized by interstate
15 carriers for hire for use as rolling stock moving in
16 interstate commerce and equipment operated by a
17 telecommunications provider, licensed as a common carrier by
18 the Federal Communications Commission, which is permanently
19 installed in or affixed to aircraft moving in interstate
20 commerce.

21 (14) Machinery and equipment that will be used by the
22 purchaser, or a lessee of the purchaser, primarily in the
23 process of manufacturing or assembling tangible personal
24 property for wholesale or retail sale or lease, whether the
25 sale or lease is made directly by the manufacturer or by some
26 other person, whether the materials used in the process are
27 owned by the manufacturer or some other person, or whether
28 the sale or lease is made apart from or as an incident to the
29 seller's engaging in the service occupation of producing
30 machines, tools, dies, jigs, patterns, gauges, or other
31 similar items of no commercial value on special order for a
32 particular purchaser. This exemption does not apply beginning
33 on January 1, 2003 and through December 31, 2007.

34 (15) Proceeds of mandatory service charges separately

1 stated on customers' bills for purchase and consumption of
2 food and beverages, to the extent that the proceeds of the
3 service charge are in fact turned over as tips or as a
4 substitute for tips to the employees who participate directly
5 in preparing, serving, hosting or cleaning up the food or
6 beverage function with respect to which the service charge is
7 imposed.

8 (16) Petroleum products sold to a purchaser if the
9 seller is prohibited by federal law from charging tax to the
10 purchaser.

11 (17) Tangible personal property sold to a common carrier
12 by rail or motor that receives the physical possession of the
13 property in Illinois and that transports the property, or
14 shares with another common carrier in the transportation of
15 the property, out of Illinois on a standard uniform bill of
16 lading showing the seller of the property as the shipper or
17 consignor of the property to a destination outside Illinois,
18 for use outside Illinois.

19 (18) Legal tender, currency, medallions, or gold or
20 silver coinage issued by the State of Illinois, the
21 government of the United States of America, or the government
22 of any foreign country, and bullion.

23 (19) Oil field exploration, drilling, and production
24 equipment, including (i) rigs and parts of rigs, rotary rigs,
25 cable tool rigs, and workover rigs, (ii) pipe and tubular
26 goods, including casing and drill strings, (iii) pumps and
27 pump-jack units, (iv) storage tanks and flow lines, (v) any
28 individual replacement part for oil field exploration,
29 drilling, and production equipment, and (vi) machinery and
30 equipment purchased for lease; but excluding motor vehicles
31 required to be registered under the Illinois Vehicle Code.

32 (20) Photoprocessing machinery and equipment, including
33 repair and replacement parts, both new and used, including
34 that manufactured on special order, certified by the

1 purchaser to be used primarily for photoprocessing, and
2 including photoprocessing machinery and equipment purchased
3 for lease.

4 (21) Coal exploration, mining, offhighway hauling,
5 processing, maintenance, and reclamation equipment, including
6 replacement parts and equipment, and including equipment
7 purchased for lease, but excluding motor vehicles required to
8 be registered under the Illinois Vehicle Code.

9 (22) Fuel and petroleum products sold to or used by an
10 air carrier, certified by the carrier to be used for
11 consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight destined for
13 or returning from a location or locations outside the United
14 States without regard to previous or subsequent domestic
15 stopovers.

16 (23) A transaction in which the purchase order is
17 received by a florist who is located outside Illinois, but
18 who has a florist located in Illinois deliver the property to
19 the purchaser or the purchaser's donee in Illinois.

20 (24) Fuel consumed or used in the operation of ships,
21 barges, or vessels that are used primarily in or for the
22 transportation of property or the conveyance of persons for
23 hire on rivers bordering on this State if the fuel is
24 delivered by the seller to the purchaser's barge, ship, or
25 vessel while it is afloat upon that bordering river.

26 (25) A motor vehicle sold in this State to a nonresident
27 even though the motor vehicle is delivered to the nonresident
28 in this State, if the motor vehicle is not to be titled in
29 this State, and if a driveaway decal permit is issued to the
30 motor vehicle as provided in Section 3-603 of the Illinois
31 Vehicle Code or if the nonresident purchaser has vehicle
32 registration plates to transfer to the motor vehicle upon
33 returning to his or her home state. The issuance of the
34 driveaway decal permit or having the out-of-state

1 registration plates to be transferred is prima facie evidence
2 that the motor vehicle will not be titled in this State.

3 (26) Semen used for artificial insemination of livestock
4 for direct agricultural production.

5 (27) Horses, or interests in horses, registered with and
6 meeting the requirements of any of the Arabian Horse Club
7 Registry of America, Appaloosa Horse Club, American Quarter
8 Horse Association, United States Trotting Association, or
9 Jockey Club, as appropriate, used for purposes of breeding or
10 racing for prizes.

11 (28) Computers and communications equipment utilized for
12 any hospital purpose and equipment used in the diagnosis,
13 analysis, or treatment of hospital patients sold to a lessor
14 who leases the equipment, under a lease of one year or longer
15 executed or in effect at the time of the purchase, to a
16 hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of
18 this Act.

19 (29) Personal property sold to a lessor who leases the
20 property, under a lease of one year or longer executed or in
21 effect at the time of the purchase, to a governmental body
22 that has been issued an active tax exemption identification
23 number by the Department under Section 1g of this Act.

24 (30) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated
27 for disaster relief to be used in a State or federally
28 declared disaster area in Illinois or bordering Illinois by a
29 manufacturer or retailer that is registered in this State to
30 a corporation, society, association, foundation, or
31 institution that has been issued a sales tax exemption
32 identification number by the Department that assists victims
33 of the disaster who reside within the declared disaster area.

34 (31) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is used in
3 the performance of infrastructure repairs in this State,
4 including but not limited to municipal roads and streets,
5 access roads, bridges, sidewalks, waste disposal systems,
6 water and sewer line extensions, water distribution and
7 purification facilities, storm water drainage and retention
8 facilities, and sewage treatment facilities, resulting from a
9 State or federally declared disaster in Illinois or bordering
10 Illinois when such repairs are initiated on facilities
11 located in the declared disaster area within 6 months after
12 the disaster.

13 (32) Beginning July 1, 1999, game or game birds sold at
14 a "game breeding and hunting preserve area" or an "exotic
15 game hunting area" as those terms are used in the Wildlife
16 Code or at a hunting enclosure approved through rules adopted
17 by the Department of Natural Resources. This paragraph is
18 exempt from the provisions of Section 2-70.

19 (33) A motor vehicle, as that term is defined in Section
20 1-146 of the Illinois Vehicle Code, that is donated to a
21 corporation, limited liability company, society, association,
22 foundation, or institution that is determined by the
23 Department to be organized and operated exclusively for
24 educational purposes. For purposes of this exemption, "a
25 corporation, limited liability company, society, association,
26 foundation, or institution organized and operated exclusively
27 for educational purposes" means all tax-supported public
28 schools, private schools that offer systematic instruction in
29 useful branches of learning by methods common to public
30 schools and that compare favorably in their scope and
31 intensity with the course of study presented in tax-supported
32 schools, and vocational or technical schools or institutes
33 organized and operated exclusively to provide a course of
34 study of not less than 6 weeks duration and designed to

1 prepare individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

4 (34) Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for the
6 benefit of a public or private elementary or secondary
7 school, a group of those schools, or one or more school
8 districts if the events are sponsored by an entity recognized
9 by the school district that consists primarily of volunteers
10 and includes parents and teachers of the school children.
11 This paragraph does not apply to fundraising events (i) for
12 the benefit of private home instruction or (ii) for which the
13 fundraising entity purchases the personal property sold at
14 the events from another individual or entity that sold the
15 property for the purpose of resale by the fundraising entity
16 and that profits from the sale to the fundraising entity.
17 This paragraph is exempt from the provisions of Section 2-70.

18 (35) Beginning January 1, 2000 and through December 31,
19 2001, new or used automatic vending machines that prepare and
20 serve hot food and beverages, including coffee, soup, and
21 other items, and replacement parts for these machines.
22 Beginning January 1, 2002, machines and parts for machines
23 used in commercial, coin-operated amusement and vending
24 business if a use or occupation tax is paid on the gross
25 receipts derived from the use of the commercial,
26 coin-operated amusement and vending machines. This paragraph
27 is exempt from the provisions of Section 2-70.

28 (36) Beginning on the effective date of this amendatory
29 Act of the 92nd General Assembly, computers and
30 communications equipment utilized for any hospital purpose
31 and equipment used in the diagnosis, analysis, or treatment
32 of hospital patients sold to a lessor who leases the
33 equipment, under a lease of one year or longer executed or in
34 effect at the time of the purchase, to a hospital that has

1 been issued an active tax exemption identification number by
2 the Department under Section 1g of this Act. This paragraph
3 is exempt from the provisions of Section 2-70.

4 (37) Beginning on the effective date of this amendatory
5 Act of the 92nd General Assembly, personal property sold to a
6 lessor who leases the property, under a lease of one year or
7 longer executed or in effect at the time of the purchase, to
8 a governmental body that has been issued an active tax
9 exemption identification number by the Department under
10 Section 1g of this Act. This paragraph is exempt from the
11 provisions of Section 2-70.

12 (38) ~~(36)~~ Beginning on January 1, 2002, tangible
13 personal property purchased from an Illinois retailer by a
14 taxpayer engaged in centralized purchasing activities in
15 Illinois who will, upon receipt of the property in Illinois,
16 temporarily store the property in Illinois (i) for the
17 purpose of subsequently transporting it outside this State
18 for use or consumption thereafter solely outside this State
19 or (ii) for the purpose of being processed, fabricated, or
20 manufactured into, attached to, or incorporated into other
21 tangible personal property to be transported outside this
22 State and thereafter used or consumed solely outside this
23 State. The Director of Revenue shall, pursuant to rules
24 adopted in accordance with the Illinois Administrative
25 Procedure Act, issue a permit to any taxpayer in good
26 standing with the Department who is eligible for the
27 exemption under this paragraph ~~(36)~~. The permit issued under
28 this paragraph ~~(36)~~ shall authorize the holder, to the extent
29 and in the manner specified in the rules adopted under this
30 Act, to purchase tangible personal property from a retailer
31 exempt from the taxes imposed by this Act. Taxpayers shall
32 maintain all necessary books and records to substantiate the
33 use and consumption of all such tangible personal property
34 outside of the State of Illinois.

1 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
2 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
3 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
4 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
5 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; revised
6 10-10-01.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.